

Historic, Archive Document

Do not assume content reflects current scientific knowledge, policies, or practices.

a S21
.A87 F3

5



Letter No. 2362

May 12, 1988

**U.S. WITH ONLY
SIGNIFICANT
WHEAT RESERVES?**

World wheat supplies are expected to tighten further in 1988/89 despite early indications that the 1988 wheat crop will be second only to the record 1986 harvest. According to the U.S. Department of Agriculture, beginning world wheat stocks will be substantially lower for 1988/89 as a sharp pickup of import demand in 1987/88 contributed to a near 30-million-ton reduction in stocks. Much of this reduction took place in the major grain exporting countries. Consequently, the U.S. is likely to be about the only exporter to still have significant reserves of quality wheat to draw on if there should be an unexpected surge in import demand during the 1988/89 marketing year.

**WHEAT DEMAND
MAY EXCEED
PRODUCTION**

The world wheat utilization in 1988/89 is expected to exceed production for the second consecutive year, although not as dramatically as in 1987/88, according to the U.S. Department of Agriculture. As a result, world wheat stocks will be drawn down again and, by the end of the 1988/89 marketing year, could be nearly 45 million tons below the peak of just two years earlier. World wheat trade in 1988/89 is currently expected to total around 100 million tons, about 5 percent below the previous year's high total. An expected sharp decline in USSR wheat imports in 1988/89 will more than offset increased demand in a number of Asian and North African markets.

**WORLD WHEAT
PRICES**

World wheat prices as represented by U.S. Gulf No. 2 Hard Red Winter have increased by about \$20 per ton so far during the 1987/88 marketing year to around \$125 per ton in early May. According to the U.S. Department of Agriculture, prices have shown some weakness recently but could still be near these levels as harvest commences. Export prices in 1988/89 could realize a significant increase if world demand is as strong as projected and U.S. stocks show another large reduction. However, if import demand does not meet expectations, or some of the major wheat producing and export countries have larger crops than currently estimated, world wheat prices could show only a modest increase from current levels.

**WINTER WHEAT
PRODUCTION**

The winter wheat production is forecast at 1 billion 620 million bushels, 4 percent more than in 1987, according to the U.S. Department of Agriculture. As of May 1, over 60 percent of the winter wheat in the major producing States rated in good or better condition. Another 28 percent is rated in fair condition.

CANADA'S WHEAT
EXPORTS 1988/89

Canada's wheat exports in 1988/89 are projected at 21 million tons, about 10 percent below the current year's estimated record outgo. A smaller crop along with a recent sharp drawdown in stocks will likely limit Canadian export potential in 1988/89. In addition, Canadian export prospects will be affected by the fact that China, the major Canadian wheat market in 1987/88, is not expected to increase imports in 1988/89. Wheat imports by the USSR, a major market for Canada in recent years, will be significantly less in 1988/89.

U.S. WHEAT -
SUPPLY & DEMAND

U.S. wheat use in 1988/89 may slip from this season's record level because of smaller exports, but total use is expected to remain well above the crop, pointing to a further drawdown in stocks in 1988/89. U.S. feed grain use may be up slightly and exceed a larger 1988 crop, suggesting another stock reduction in 1988/89, according to the U.S. Department of Agriculture. Soybean use is projected lower with tighter supplies and higher prices, but is likely to be well above the crop. Large meat output will continue to support relatively high levels of feed grain and soybean meal use.

GLOBAL WHEAT
TRADE - 1988/89

The global wheat trade for 1988/89 is forecast down around 5 million tons, primarily because of a 7-million-ton decline in USSR imports to 15 million, according to the U.S. Department of Agriculture. Partially offsetting this drop will be gains in India, Pakistan, Algeria and Tunisia. Low carryin stocks will mean that Australian, Canadian and Argentine exports will largely depend on their 1988/89 production. For 1988/89, with U.S. winter wheat production up almost 4 percent and assuming average yields for spring wheat, the crop is projected up around 3 percent from 1987/88. U.S. exports are projected to decline around 100 million bushels from 1987/88's 1 billion 600 million bushels, but will remain well above any year since the early 1980's. With domestic use projected near 1987/88 levels, total use will greatly exceed production again, leaving ending stocks at about 800 million bushels, the lowest since 1975/76. U.S. prices are projected at \$2.80-\$3.20 per bushel, compared to \$2.55 for 1987/88.

COARSE GRAIN
TRADE

The global coarse grain trade is expected to rise nearly 5 million tons in 1988/89, according to the U.S. Department of Agriculture. While Soviet imports are forecast at 10 million tons, the same as 1987/88, import demand is expected to continue to expand in Mexico, Japan, Korea and parts of North Africa and the Middle East. U.S. corn exports are projected up 50 million bushels from 1987/88 to 1 billion 750 million bushels. Corn prices are projected at \$1.65-\$2.00, compared with a forecast range of \$1.65-\$1.85 for 1987/88.

PROJECTED 1988
SOVIET GRAIN

The 1988 Soviet grain crop is projected by the U.S. Department of Agriculture at 215 million tons, fourth largest on record. This is up slightly from the 211 million 400 thousand tons harvested in 1987. The 1988 estimate includes 92 million tons of wheat, 109 million tons of coarse grains, and 14 million tons of miscellaneous grains and pulses. These are initial projections and will be modified as the season progresses.

LARGE MEAT
SUPPLIES

According to the U.S. Department of Agriculture, returns to livestock and poultry producers in 1988 are expected to decline from a year earlier and possibly be negative at times due to record-large red meat and poultry supplies for the sixth straight year. Reduced beef supplies are being more than offset by increased volumes of pork and poultry. Feed costs are rising due to expanding exports, increased domestic use, and reduced production.

SOYBEAN
QUALITY
IMPROVEMENT

The U.S. Department of Agriculture's 1987 Domestic Soybean Crop Quality study found 20 percent of the study samples graded U.S. number 1 compared to 18 percent in 1986. The study also reported that average moisture content dropped for all samples from 13.3 percent to 11.8 percent, and that the average amount of damaged kernels was 2 percent lower than in the previous year. The 1987 study totaled 7,497 random samples.

FROM OUR RADIO
SERVICE

AGRICULTURE USA #1615...(Weekly 13½ min documentary) The Africanized bees are heading northward. On this edition of AGRICULTURE USA, Brenda Curtis talks to Texas A&M University entomologist John Thomas about this bee with a "problem personality." John Thomas explains what the U.S. and Mexican governments are doing to stop the bee and what consumers can do to protect themselves from this aggressive pest.

AGRITAPE/FARM PROGRAM REPORT #1603...(Weekly reel of news features) USDA news highlights; Wheat situation; Tobacco marketing card; The bees are coming; Small woodlot management.

CONSUMER TIME #1095...(Weekly reel of 2½-3 min features) Food safety tips; Flower business is blooming; Being single in rural America; Cockroach allergies; The bees are coming.

USDA RADIO NEWS SERVICE...Fri, May 20, Livestock slaughter, Catfish outlook, wheat outlook; Mon, May 23, Eggs, chicks, and turkeys, Soviet ag. outlook, Horticultural products exports; Tues, May 24, Weekly crop and weather, Farm income and finance outlook; Thurs, May 26, Export outlook, World tobacco situation. Dial the USDA National News Line 202-488-8358 or 8359. All material changed at 5 p.m. ET each working day.

TELEVISION SERVICE programs, A BETTER WAY, DOWN TO EARTH, AGRICULTURAL UPDATE and SATELLITE NEWS are available on satellite Westar IV, audio 6.2 or 6.8 as follows:

Thursdays....AG UPDATE/SATELLITE NEWS, 7:30-7:45 p.m. ET.....Transponder 12D

Saturdays....A BETTER WAY, 10:00-10:30 a.m. ET.....Transponder 9X
ORIGINAL DOWN TO EARTH, 10:30-11:00 a.m. ET....Transponder 9X
UPLINK SATELLITE NEWS/AG UPDATE, 11:00-11:15 a.m. ET.....Transponder 9X

Mondays.....A BETTER WAY, 8:00-8:30 a.m. ET.....Transponder 12D
REPEAT DOWN TO EARTH, 8:30-9:00 a.m. ET....Transponder 12D
UPLINK SATELLITE NEWS/AG UPDATE, 9:00-9:15 a.m. ET.....Transponder 12D


A BETTER WAY is also available on The Learning Channel SATCOM 3R, Transponder 2, Audio 6.8 each Thursday at 10:30 a.m. ET.

OFF MIKE

Chuck Lilligren, formerly with WCCO, is now with KSTP Radio, Minneapolis, where he's started a new farm department. He's also broadcasting a dozen reports each AM...Eric Parsons, ASCS, USDA, still talks about the tour arranged by Charlie Rankin, KURV, Edinburg, for the attendees at the NAFB convention in McAllen, Texas. He had a great time, was impressed by the "Texas-sized" hospitality, especially of Roddy Peeples, Voice of SW Texas Ag Net and Bill McReynolds, WOAI, San Antonio...There's a nice article, picture included, on Brenda Curtis, USDA Radio, in The Reporter, a quarterly published by the National Assoc. of Ext. Home Economists. Brenda did interviews for USDA at the annual Home Ec convention in Louisville, Ky.

Farm Broadcasters Letter
Radio and Television, Rm. 410A
Office of Information, OGPA
U.S. Department of Agriculture
Washington, D.C. 20250-1300

OFFICIAL BUSINESS
Penalty for Private Use \$300


MARGARET T. DESATNIK, Acting Chief
Radio and Television Division